

#### § 1941.34

431-2 may be used when they provide all the necessary information.

- (iv) The security is adequate,
- (v) Necessary supervision is planned, and
- (vi) All other pertinent requirements have been met or will be met.

(2) When approving the loan, the approval official will:

(i) Indicate on all copies of Form FmHA or its successor agency under Public Law 103-354 1940-1, "Request for Obligation of Funds," any conditions required by Agency or its successor agency under Public Law 103-354 regulations that must be met for loan closing;

(ii) Specify all security requirements;

(iii) Indicate special conditions or agreements needed with prior lienholders when appropriate;

(iv) Indicate that approval is subject to satisfactory title evidence when required, if such evidence has not been obtained; and

(v) Send a signed copy of Form FmHA or its successor agency under Public Law 103-354 1940-1 to the borrower on the date of loan approval.

(c) *Loan disapproval.* The loan approval official must approve or disapprove applications within 60 days after receiving a complete application, as set out in §1910.4 of subpart A of part 1910 of this chapter. The following actions will be taken when a loan is disapproved:

(1) The reasons for disapproval will be indicated on Form FmHA or its successor agency under Public Law 103-354 1940-1 by the loan approval official. The reasons may be in a letter or the running record if this form has not been completed. Suggestions of how to remedy the disapprovals should be included.

(2) The County Supervisor will notify the applicant in writing of the action taken, and include any suggestions that could result in favorable action. When denial of an OL loan to a delinquent farmer program borrower is involved, the County Supervisor must clearly explain why the borrower is not eligible for the OL loan and why the borrower is not eligible for an annual production loan as outlined in §1941.14 of this chapter. The applicant will be

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notified, in writing, of the opportunity to appeal.

(3) Items furnished by the applicant during docket processing will be returned.

(4) The County Supervisor will notify any other interested parties of the disapproval.

[53 FR 35664, Sept. 14, 1988, as amended at 54 FR 11366, Mar. 20, 1989; 57 FR 18676, Apr. 30, 1992; 58 FR 48282, Sept. 15, 1993; 61 FR 35925, July 9, 1996]

#### § 1941.34 [Reserved]

#### § 1941.35 Actions after loan approval.

(a) *Requesting check.* If the County Supervisor is reasonably certain that the loan can be closed within 20 working days from the date of the check, loan funds may be requested at the time of loan approval through the State Office terminal system. If funds are not requested when the loan is approved, advances in the amount needed will be requested through the County Office computer terminal system. Each advance will be limited to an amount which can be used promptly, usually within 60 days from the date of the check. Loan funds must be provided to the applicant(s) within 15 days after loan approval, unless the applicant(s) agrees to a longer period. If no funds are available within 15 days of loan approval, funds will be provided to the applicant as soon as possible and within 15 days after funds become available, unless the applicant(s) agrees to a longer period. If a longer period is agreed upon by the applicant(s), the same will be documented in the case file by the County Supervisor.

(b) *Cancellation of loan check and/or obligation.* If, for any reason, a loan check or obligation will be canceled, the County Supervisor will notify the State Office and the Finance Office of loan cancellation by using Form 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation." If a check received in the County Office is to be canceled, the check will be returned as prescribed in FmHA Instruction 2018-D (available in any FmHA or its successor agency under Public Law 103-354 office).

(c) *Cancellation of advances.* When an advance is to be cancelled the County

RHS, RBS, RUS, FSA, USDA

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Supervisor must take the following actions:

(1) Complete and distribute Form FmHA or its successor agency under Public Law 103-354 1940-10.

(2) When necessary, prepare and execute a substitute promissory note reflecting the revised total of the loan and the revised repayment schedule. When it is not necessary to obtain a substitute promissory note, the County Supervisor will show on Form FmHA or its successor agency under Public Law 103-354 440-57 the revised amount of the loan and the revised repayment schedule.

(d) *Increase or decrease in loan amount.* If it becomes necessary to increase or decrease the amount of the loan prior to closing, the County Supervisor will request that all distributed docket forms be returned to the County Office for reprocessing unless the change is minor and replacement forms can be promptly completed and submitted.

[53 FR 35684, Sept. 14, 1988, as amended at 54 FR 39727, Sept. 28, 1989; 59 FR 54788, Nov. 2, 1994]

**§§ 1941.36-1941.37 [Reserved]**

**§ 1941.38 Loan closing.**

Operating loans will be closed in accordance with subpart B of part 1941 of this chapter.

**§§ 1941.39-1941.41 [Reserved]**

**§ 1941.42 Loan servicing.**

Loans will be serviced in accordance with subpart A of part 1962 of this chapter and/or subpart S of part 1951 of this chapter.

**§§ 1941.43-1941.49 [Reserved]**

**§ 1941.50 State supplements.**

State supplements will be issued as necessary to implement this subpart.

EXHIBIT A TO SUBPART A—PROCESSING GUIDE—INSURED OPERATING LOANS

This exhibit outlines the basic steps involved in processing a loan application and identifies the FmHA or its successor agency under Public Law 103-354 forms which should be considered for use at each step.

Consult the appropriate Forms Manual Insert (FMI) for instructions for completion,

distribution, and procedural references for each form.

APPLICATION PROCESSING

A. APPLICANT INTERVIEW

Review applicant's proposed plan of operation in view of authorized loan purposes and limitations on loans.

Begin running case record.

Provide applicant with FmHA or its successor agency under Public Law 103-354 forms to be completed and returned which are needed to determine eligibility. Be sure applicant understands the purposes of the forms and knows who must complete them.

Advise applicant of other information that must be given to FmHA or its successor agency under Public Law 103-354.

When appropriate, have applicant contact other creditors as possible credit sources for financing, or participating in the financing, of the proposed operation.

The following FmHA or its successor agency under Public Law 103-354 forms will be made available to the applicant or will be used by the County Supervisor. Forms designated with an "x" are always required and those designated with an "\*" are to be used when appropriate.

Form No	Name	
410-1 .....	Application for FHA Services .....	(x)
1910-5 .....	Request for Verification of Employment.	(*)
410-9 .....	Statement Required by the Privacy Act.	(*)
410-10 .....	Privacy Act Statement to References	(*)
1910-11 .....	Applicant Certification, Federal Collection Policies for Consumer or Commercial Debts.	(x)
431-1 .....	Long-Time Farm and Home Plan .....	(*)
431-2 .....	Farm and Home Plan .....	(x)
431-4 .....	Business Analysis—Nonagricultural Enterprise.	(*)
440-32 .....	Request for Statement of Debts and Collateral.	(*)
1940-51 .....	Crop-Share-Cash Farm Lease .....	(*)
1940-53 .....	Cash Farm Lease .....	(*)
1940-55 .....	Livestock-Share-Farm Lease .....	(*)
1940-56 .....	Annual Supplement to Farm Lease .....	(*)

B. FIELD VISIT

Notify applicant of planned visit and its purpose.

Evaluate the resources available to the applicant and determine whether or not they adequately fulfill the requirements of the proposed plan of operation.

Obtain information needed to complete required appraisals (chattel and real estate).

Hold landlord-tenant meeting, if necessary, to reach an agreement on the terms of the lease, resolve any problems, etc.; record in running case record.

Determine security requirements and record in running case record.